

# FISCAL NOTE

## HB 3082 - SB 2996

March 7, 2002

**SUMMARY OF BILL:** Amends the retirement law by changing the definition of average final compensation by deleting the word *consecutive*. This will provide that a member's five highest five years of salary, no matter which years the salary was earned, will be averaged in determining the member's average final compensation for benefit calculation purposes.

### ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$1,125,000 Annual Amortized Cost**

**Increase Local Govt. Expenditures\* - \$368,000 Annual Amortized Cost**

**Other Fiscal Impact - Increase Federal/Other Expenditures - \$140,000  
Annual Amortized Cost**

Estimate assumes:

- total lump sum liability of \$14,890,000
- annual amortized cost assumes a 20-year amortization of the lump sum liability
- funding ratio for teacher cost between state and local is 60% state and 40% local education agencies.
- administrative costs of \$153,000 for four positions and related costs in the Division of Retirement.
- the bill will apply to active and retired members of TCRS

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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